

Raymond R. Wile
1976.

United States. Circuit Court for the Southern District pf New York.

Victor Talking Machine Company)
) In Equity
versus)
)
Merwin E. Lyle.)

PARTIAL RECORD,

Electrostatic copies of
originals located at the
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-- Suitland, Md. (RG 21)

IN THE CIRCUIT COURT OF THE UNITED STATES
for the Southern District of New York.

VICTOR TALKING MACHINE COMPANY

vs.

In Equity.

7948

MERVIN E. LYLE.

THE ANSWER OF THE DEFENDANT MERVIN E. LYLE
TO THE BILL OF COMPLAINT OF THE VICTOR
TALKING MACHINE COMPANY.

This defendant now and at all times hereafter saving to himself all and all manner of benefit of exception or otherwise that can or may be had or taken to the many errors, uncertainties and imperfections in the said bill contained, upon information and belief says that this Honorable Court cannot entertain jurisdiction of this controversy for the reason the bill of complaint herein does not contain the necessary averment as to the value or amount of the subject-matter. And without waiving this objection, but insisting upon the same, for Answer to the said bill, or so much thereof as he is advised it is material or necessary for him to make answer to, answering says:

This defendant is informed and believes that the complainant, Victor Talking Machine Co., is a corporation created and organized and existing under the laws of the State of New Jersey and having its principal office in the City of Camden, State of New Jersey. He admits that he himself, the said Mervin E. Lyle, is a citizen of the State of New York and a resident of the Borough of Manhattan in the said City of New York; and that he is

doing business in said City and State of New York within the Southern District of New York,---but solely as Manager of the New York office of a West Virginia corporation known as the Columbia Phonograph Company, General.

I.

This defendant upon information and belief denies that the complainant is the sole and exclusive licensee under certain U. S. Letters-patent to Emile Berliner for improvements in talking machines and records; but he has been informed and believes and therefore avers that one Frank Seaman of the City and State of New York holds the exclusive right and license to deal in and handle goods made under the Berliner patents aforesaid. And this defendant has no information as to the extent of the manufacture and use of talking machines and records made under the said Berliner gramophone patents; but this defendant is informed and believes that comparatively recently and within the last few years complainant and its predecessors (Berliner Gramophone Co., U. S. Gramophone Co. and Eldridge R. Johnson) have been engaged to some extent in manufacturing and using and selling talking-machines and records therefor made in accordance with certain inventions patented to the American Graphophone Company (a West Virginia corporation) under certain patents known as the Graphophone patents, among others U. S. patent No. 341,214 and No. 341,288, both granted but in violation thereof; May 4, 1886; and that as to these last-named talking machines and records this defendant has heard the same well spoken of by others in the trade, but he denies that the talking-machines and records made under and in accordance with the Berliner gramophone patents aforesaid were or are of any commercial value or utility whatever.

2.

This defendant is not advised as to the truth of the allegations in paragraph 2 of the Bill, and therefore leaves complainant to make proof thereof.

3.

This defendant admits that Eldridge R. Johnson has made all the talking-machines sold by the said Berliner Gramophone Co., and admits that the said Johnson has received several Letters-patent of the United States and of foreign countries, but denies that the same are for valuable improvements relative to the said talking-machines and records, or that the said Johnson very materially developed and improved the said machines and made great improvements in the said records as alleged in paragraph 3 of the Bill.

4.

This defendant admits the allegations in paragraph 4 of the Bill to be substantially true; but avers upon information and belief that the said particular marking and method of dressing therein referred to, consisting of a black label over the central portion of the record tablet, was first assumed and employed by the said Johnson in order to disguise the identity of disc records actually made by him under the name of the Berliner Gramophone Co. aforesaid for Frank Seaman aforesaid, and which records the said Berliner Gramophone Co. had been enjoined from disposing of save to the said Seaman, all as will be more fully herein-after pointed out.

5.

This defendant is not advised as to the allegations in paragraph 5 of the Bill, and therefore leaves complainant to make proof thereof.

In answer to paragraph 6 of the Bill, this defendant denies that the records put out by the said Eldridge R. Johnson and subsequently by complainant were ever known throughout the trade and by the public in general as "Gold Band" records or "Gold Label" records or by the "Gold Band", as alleged in the Bill of Complaint; and as to the remaining allegations in the said paragraph 6 this defendant is not advised and leaves complainant to make proof thereof.

In answer to paragraph 7 of the Bill, this defendant so far as avers that ~~xx~~ the disc talking-machine records manufactured and sold by the said Eldridge R. Johnson and afterwards by the complainant as his successor became known to the trade and the public generally as articles put out by the said Johnson or by the complainant, such knowledge on the part of the trade and public generally was due to the fact that the said records themselves contained the name of the said Eldridge R. Johnson or of this complainant as the case may be,---and defendant expressly denies that the said articles became known as the goods of the said Eldridge R. Johnson or of this complainant by reason of any peculiar method of dressing or gold band or gold lettering. And as to the remaining allegations in the said paragraph 7, this defendant is not advised and therefore leaves complainant to make proof thereof.

This defendant admits to be substantially true all the allegations in paragraph 8 contained; but this defendant upon information and belief avers that, whereas complainant and its predecessors assert (both in its said Bill and elsewhere) that its said flat disc records have been

made under and in accordance with the said Berliner patents and inventions,--to wit by the method known as the etching process,---yet as a matter of fact said records are now made by this complainant and have been made for the past year or so by its predecessor the said Johnson, by the method known as the engraving process which has been patented under U. S. Letters-patent No. 341,214, to Bell & Tainter, and is now owned by the American Graphophone Company, and the said records of this complainant and of its predecessors have not for many months been made under or in accordance with the said Berliner patents.

9.

As to the allegations in paragraph 9 of the Bill, this defendant upon information and belief denies the existence of any valid trade-mark or of any trade-mark in the premises as recited by the said paragraph 9; and this defendant again denies that this complainant is the exclusive licensee, or has any valid license, under the said Berliner inventions; and as to the remaining allegations of paragraph 9, this defendant is not advised, and therefore leaves complainant to make proof thereof.

10.

This defendant avers that there is now on the market a flat zigzag disc record on black material containing a gold band and gold lettering, which is being handled under the name of the American Talking Machine Co.; and that this article so marked and dressed has been on the market for many months; but as to the remaining allegations in paragraph 10 of the Bill this defendant is not advised and therefore leaves complainant to make proof thereof.

This defendant denies each and every allegation of paragraph 11 of the Bill as therein alleged; and avers that the truth in this regard is that the Columbia Phonograph Company, General, is engaged in the City of New York and elsewhere in selling certain flat disc records in hard durable material, known as "CLIMAX RECORDS", which are made solely for the said Columbia Phonograph Company, General; but denies that the said CLIMAX RECORDS are of complainant's exclusive construction as alleged in paragraph 11, the same being constructed by the engraving process aforesaid; and this defendant denies that the same is in violation of the complainant's exclusive rights or of any rights of complainant or of any one else; and this defendant denies that the same are marked and dressed in the same manner as the ~~said~~ ~~Victor and Monarch records~~ ~~aforesaid~~ of this complainant and its predecessors; though this defendant admits that some of the CLIMAX RECORDS have contained a gold band; but this defendant again denies that complainant's records have become widely and favorably known ^{by} ~~or~~ have been at all identified by, the gold band; and this defendant denies that he is unlawfully advertising the said CLIMAX RECORDS with the name of the Columbia Phonograph Company, General, or that he himself is advertising the same at all; but avers as the truth in this regard that the Columbia Phonograph Company, General, is advertising the said CLIMAX RECORDS in its own name, and with its own name in very prominent and conspicuous letters, both in the advertising matter aforesaid and upon the said records themselves; and this defendant denies that the said CLIMAX RECORDS are "counterfeit records" as asserted in the Bill; and this defendant denies that he or the said Columbia Phonograph Company, General, is leading or ever has led the public to believe that the said CLIMAX

RECORDS advertised and sold by the said Columbia Phonograph Company, General, are the Victor or Monarch records of this complainant or of its predecessor; and this defendant specifically denies that the said Victor and Monarch records have an established and enviable reputation, but avers that the said CLIMAX RECORDS are in all respects of a quality superior to the said VICTOR and MONARCH records of the said complainant and its predecessor.

12.

In reply to the allegations of paragraph 12 of the Bill, this defendant again denying that he has for himself been engaged in any business whatever as alleged in the said paragraph, admits that the said Columbia Phonograph Company, General, a West Virginia corporation, has been engaged in handling graphophones and graphophone supplies and admits the remaining allegations in the said paragraph 12 to be substantially true,---except the statement therein contained that the said Columbia Phonograph Company, General, has only very recently engaged in selling zigzag records and machines therefor; but avers the truth in this regard to be that the said Columbia Phonograph Company, General, has sold and dealt in flat zigzag sound-records and machines therefor for at least three years or more, though to a very slight extent; and this defendant further avers upon information and belief that the American Graphophone Company (hereinabove referred to), one of whose selling agents the said Columbia Phonograph Company, General, is, as well as the predecessors in title of the said American Graphophone Company, have on many occasions for the past ten or fifteen years made and used and sold disc sound-records containing vertical irregularities and other disc sound-records containing lateral undulations corresponding to sound-waves, as well as talking-machines for the same.

13.

This defendant denies each and every allegation in paragraph 13 of the Bill.

14.

This defendant denies each and every allegation in paragraph 14 of the Bill.

15.

This defendant admits that two CLIMAX sound-records were purchased from one of the salesmen of the said Columbia Phonograph Company, General, in said City and State of New York by one of complainant's representatives, who obtained what he asked for and was not at all deceived but called for and accepted the two records aforesaid and at once delivered them to complainant's legal representatives; and this defendant specifically denies each and every remaining allegation in the said paragraph 15.

16.

In answer to paragraph 16 this defendant denies that "his" graphophone records and machines or the graphophones records and machines of the said Columbia Phonograph Company, General, or of the said American Graphophone Company or (so far as he is informed and believes) of any other person or concern was or were exhibited at the Buffalo Exposition otherwise known as the Pan-American Exposition; and as to the remaining allegations of the said paragraph 16, this defendant is not advised and therefore leaves complainant to make proof thereof. But this defendant avers that the graphophones and graphophone records aforesaid were exhibited by and on behalf of the American Graphophone Company and the Columbia Phonograph Company, General aforesaid at the Paris Exposition of 1900, and there received the highest award for talking-machines, a special award of the Grand Prize or Gold Medal.

In answer to paragraph 17 this defendant admits that the Columbia Phonograph Company, General, aforesaid is engaged in advertising and handling and selling the CLIMAX zigzag disc records referred to, and that on the said CLIMAX records appear in prominent and very conspicuous letters the words "M'F'D SOLELY FOR COLUMBIA PHONOGRAPH CO." But this defendant again expressly denies that the said CLIMAX RECORDS are counterfeit records.

In answer to paragraph 18 of the Bill, this defendant is not advised and therefore leaves complainant to make proof thereof; but this defendant again denies that he has himself committed any acts of any sort in connection with the talking-machine business except as an employee of the said Columbia Phonograph Company, General; and this defendant is disposed to believe not only that the goods of the Columbia Phonograph Company, General, are the goods which the public like best, but also believes it quite probable that the said Columbia Phonograph Company, General, may have advertised that fact; but this defendant denies that the said Columbia Phonograph Company, General, ever asserted or pretended to assert that it had received the highest commendation, or any commendation whatever, at the said Buffalo Exposition.

This defendant again denying that he has sold any sound-records except on behalf of the said Columbia Phonograph Company, General, again expressly denies that the said CLIMAX RECORDS are counterfeit records, or that the same are marked and dressed in imitation of the complainant's

Victor and Monarch records; and he expressly denies that the same are inferior in quality and results produced to those of complainant; and he expressly denies that purchasers ever buy the same upon the belief that they are complainant's goods or are disappointed with the goods of said Columbia Co.

20.

This defendant denies each and every allegation in paragraph 20 contained; but avers the truth to be that the said Columbia Phonograph Company, General, has had manufactured solely for itself certain of the said CLIMAX sound-records and has sold certain of the same.

21.

As to the claim of title asserted by complainant in paragraph 21 of the Bill, this defendant is not advised and therefore again leaves complainant to make proof thereof; but this defendant expressly denies that he is counterfeiting or infringing complainant's records, and that he is violating any rights of complainant in the premises.

22.

This defendant denies each and every allegation in paragraph 22 of the Bill; but avers that the truth in this regard is that, until this complainant and its predecessor ^{unlawfully} (said Eldridge R. Johnson) appropriated the patented inventions of the said American Graphophone Company, their talking machines and records were so inferior as to be practically without any reputation at all, and that whatever reputation they may have acquired since is due to the aforesaid unlawful appropriation of the patented methods of the said American Graphophone Company.

23.

This defendant denies each and every allegation of paragraph 23 of the Bill.

24.

And without waiving any of the foregoing matters, but insisting upon each and all of the same, for a further answer---

Upon information and belief this defendant avers that the U. S. Circuit Courts for Virginia and for West Virginia have rendered decisions granting injunctions pendente lite against the said Berliner Gramophone Co. and U. S. Gramophone Co., forbidding those concerns and their attorneys and agents etc. from assigning or transferring or in any manner encumbering the Berliner Gramophone patents or inventions aforesaid; that the decisions just mentioned have never been reversed or modified or set aside; and that therefore this complainant cannot hold, as it asserts in its Bill, the exclusive rights or any rights to or under the said Berliner gramophone patents or inventions.

25.

And for a further answer, upon information and belief this defendant avers that at the suit of the said Frank Seaman the U.S. Circuit Court for the Western District of ^{had formerly} Virginia ~~had formerly~~ granted an injunction pendente lite restraining the said Berliner Gramophone Co. (one of complainant's predecessors) and its agents, employees etc. from selling or disposing of or in any manner parting with its said gramophone talking-machines and gramophone sound-records, except to the said Frank Seaman; and that thereupon, and

while the said injunction was still in full force and effect, the said Eldridge R. Johnson (complainant's other predecessor), having at the time in his possession a large number of gramophone sound-records which had been made by him, as employee and agent of said Berliner Gramophone Co., on behalf of the said Berliner Gramophone Co. and for the said Frank Seaman, in order to dispose of the same, in disregard of the said injunction and in fraud of the said Frank Seaman, conspiring with the said Berliner Gramophone Co. and others, proceeded to sell and did sell the said enjoined articles in his own name; that the said gramophone sound-records bore plainly stamped upon their faces the name and patent notice of the said Gramophone concern; and, in order to conceal this fact and to disguise the identity of the said gramophone sound-records, and to deceive the public, as to the real nature of the said articles which were enjoined as aforesaid, and while the same were still under injunction as aforesaid, the said Eldridge R. Johnson placed over the said Berliner gramophone notices the aforesaid label with the gold band, referred to in the Bill of Complaint herein,---which said gold band label was then for the first time assumed by the said Johnson; that the same was so employed by said Johnson upon a large number of such articles, all of which were under injunction as aforesaid; and that the said Berliner Gramophone Co. (complainant's other predecessor), being itself under injunction as aforesaid, connived at and encouraged and permitted the aforesaid acts on the part of the said Johnson.

26.

And for a further defense, upon information and belief this defendant avers that there are known commercially only two practical ways of producing the sound-

records aforesaid, to wit, one employing the "engraving" method of the graphophone patents aforesaid, and the other employing the "etching" method set out in the said Berliner gramophone patents; that the said sound-records on the market bear traces or indications which show conclusively the manner of their production; that, whereas complainant's predecessors formerly used the said Berliner etching method, yet of late and within the last year or over complainant's predecessor the said Eldridge R. Johnson, asserting and pretending that he had developed improvements in the said Berliner methods, has nevertheless appropriated the said graphophone engraving method, and the latter has ever since been used exclusively by the said Johnson and his successor, this complainant, in producing their Victor and Monarch records; and that the "gold band" or "gold label" Victor and Monarch records aforesaid, while claimed and asserted by complainant and its predecessors to be made under and in accordance with the said Berliner gramophone patents and inventions, are in reality---as will readily appear, upon inspection, to any person skilled in the art---made in accordance with (but in violation of) the said graphophone patent No. 341,214 of the said American Graphophone Co., and are in fact unlawful and piracies.

Wherefore this defendant having fully answered, confessed, traversed and avoided or denied all the matters in the said Bill of Complaint material to be answered, according to his best knowledge and belief, humbly prays this Honorable Court to be hence dismissed, with his reasonable costs and charges in this behalf most wrongfully sustained.

Philip Mauro
Calmassie,
of Counsel for Delt.

Mein S. Ly

Elisha K. Camp
~~Comple~~ Sol. for Delt
277 Broadway
N. Y. City

IN THE CIRCUIT COURT OF THE UNITED STATES
For the Southern District of New York.

VICTOR TALKING MACHINE CO.

vs.

In Equity.

MERVIN E. LYLE.

7948

DEFENDANT'S ANSWERING AFFIDAVITS
IN OPPOSITION TO MOTION FOR
PRELIMINARY INJUNCTION.

| | |
|--------------------|-----|
| Mervin E. Lyle | 1. |
| Seth H. Nichols | 5. |
| Hulbert A. Yerkes | 7. |
| Shelton T. Cameron | 9. |
| Edward D. Easton | 14. |
| C. A. L. Massie | 16. |

Elisha K. Camp,
Solicitor for Defendant,
277 Broadway,
New York City.

Philip Mauro
C.A.L. Massie
Of Counsel for Defendant.

In the Circuit Court of the United States
For the Southern District of New York.

VICTOR TALKING MACHINE CO.

v.

In Equity.

MERVIN E. LYLE.

STATE OF NEW YORK,
City and County of New York, SS.:

✓ MERVIN E. LYLE, being first duly sworn, deposes and says: I reside in the City of New York, and am the Mervin E. Lyle named as the only defendant in the Victor Talking Machine Co's bill of complaint herein. I have been served with a subpoena in this suit, and also with a copy of the bill of complaint and complainant's motion-papers and notice for preliminary injunction, and I have examined the same.

I am Manager of the New York office of the COLUMBIA PHONOGRAPH CO., GEN'L, whose place of business is located at No. 93 Chambers Street in this city. I am not, however, in business for myself, but all of my acts are merely as employee of the said COLUMBIA CO. I am not a Director of said COLUMBIA PHONOGRAPH CO., GEN'L.

The motion papers specify as the alleged instances of the "wrong-doing" complained of: first the purchase by one BENNETT of certain "CLIMAX" sound-records from the Philadelphia office of the COLUMBIA CO.; second the purchase by one FEIST of certain "CLIMAX" records from the New York office on Chambers Street, as above; and third a certain advertisement alleged to have appeared in the ST. LOUIS POST DISPATCH.

With regard to the purchase in Philadelphia, I will state positively and emphatically, that I have nothing whatever to do with the Philadelphia office of the COLUMBIA CO. Whatever is done by that office I am not responsible for.

I am the Manager of the New York office, a distinct department.

With regard to the advertisement I will state positively and emphatically that I have nothing whatever to do with the advertisements put out by the COLUMBIA CO., excepting certain local Ads. The advertising is managed by the Advertising Manager of the COLUMBIA CO., and I am not consulted by him about it; moreover I have never seen the advertisement in question and am not in any way responsible for it. And the said Advertising Manager tells me he himself has never seen the alleged advertisement and did not put it out.

The talking-machines handled by my Company were exhibited by them at the Paris Exposition in 1900, and were there awarded the Gold Medal over all competitors. My said company made no exhibit at the Pan American Exposition at Buffalo (as incorrectly stated in complainant's motion-papers), but I am advised and believe that the St. Louis office of the said COLUMBIA PHONOGRAPH CO. exhibits at the Exposition held in St. Louis in October of each year.

As to the purchase by complainant's witness Mr. Feist, it appears from his own affidavit that he came to the office of the COLUMBIA CO. and was unsuccessful in his efforts to see me as being the "Manager" of that concern; that he purchased the articles from a clerk of the COLUMBIA CO.; and that on a later date he did see me, and I told him I could not make any different prices from those quoted by the clerks of the COLUMBIA CO. To avoid any misapprehension or misconception of this affidavit I repeat here that the sales to Mr. Feist were not made by me personally, and were not made on my behalf--but were made on behalf of our Company (the COLUMBIA PHONOGRAPH CO., GEN'L) by an employe of the

said Company. Not only is this true of these particular sales but of all sales and all business transactions.

I have been in the talking-machine business for over ten years, during most of which time I have been connected with the COLUMBIA PHONOGRAPH CO., GEN'L, or the COLUMBIA PHONOGRAPH CO., affiliated concerns. It has always been our object to emphasize the trade-name "COLUMBIA", which we are ~~e~~ justly proud of; and we are always careful that our goods shall be of highest merit in order to enhance the value of our trade-name "COLUMBIA", which we advertise prominently on all occasions and on all goods sold by us.

The name "COLUMBIA" record has been made known throughout the civilized world by persistent and extensive advertisement for the past eight years, and by being conspicuously displayed upon all sound-records, to the number of many millions.

It had gained a wide-spread notoriety and high reputation many years before any so-called "Victor" Records existed, and if any confusion should occur in the minds of the public between records made by the COLUMBIA CO. and those made by the complainant, such confusion would result in injury to the former, and not to the latter.

The records sold by the COLUMBIA CO. have always been engraved records made by the engraving process of Bell & Tainter, which has given the only satisfactory and excellent sound-records. On the other hand, until about the latter part of the year 1900, the so-called gramophone records were made by a process of etching, and were distinctly inferior, harsh in tone, and generally unsatisfactory. About a year ago Eldridge R. Johnson (complainant's predecessor) began issuing the announcement appearing on one of the complainant's exhibits that

"The marvelous discovery just made in our laboratory has astonished the world in the art of recording sound".

I am informed and believe, and in fact it is well understood in talking-machine circles, that the new departure thus announced consisted in adopting the engraving process in the manufacture of sound-records, and whatever excellence complainant's records possess is due to the unlawful appropriation of that patented process. I call attention to the statement in the bill of complaint, paragraph 8, to the effect that these records may be made by "originally recording the sounds in a flat tablet of wax-like material"; and that "another manner by which the said records may be made and have been largely made by those controlling the Berliner patent" is by the etching process (italics my own).

This supports the correctness of my information as stated above, that complainant had abandoned the etching process for the engraving process.

Merwin O. Lyell

Subscribed and sworn to before me,
this 22nd day of December, 1901.

Chas. Campbell
Notary Public
NYC

IN THE CIRCUIT COURT OF THE UNITED STATES
For the Southern District of New York.

VICTOR TALKING MACHINE CO.

v.

In Equity.

MERVIN E. LYLE.

State of New York,
City and County of New York, SS.:

SETH H. NICHOLS, being first duly sworn, deposes and says: I reside in the City of New York, and am of lawful age. I am a salesman in the employ of the COLUMBIA PHONOGRAPH CO., GEN'L, at its place of business No. 93 Chambers Street, Borough of Manhattan and City of New York. I have been a salesman with that Company for about three years.

I have read the affidavit of Sol. Feist herein (verified Dec. 9, 1901). I recall that this person came to our store and asked to see Mr. Lyle the Manager; but Mr. Lyle, being too busy, declined to see him. The said Feist then asked if we had any "Gold Band" or "Gold Label" records or words to that effect. I replied that I did not recognize the term and never heard it before; but carried him to the display room and showed him our disc graphophones and disc graphophone-records and also our cylinder graphophones and cylinder graphophone-records.

In showing him the cylinder graphophone and cylinder graphophone-records, and also the disc graphophones and disc graphophone-records, I placed the records on the machines so as to let Mr. Feist listen to the reproductions; and said Feist thereupon bought two of ~~the said~~ ^{our} disc graphophone-records, marked "CLIMAX RECORDS", and "Made for COLUMBIA PHONOGRAPH COMPANY",—and which said disc graphophone-records

further, upon being audibly reproduced by the talking-machine, themselves announced in distinct tones that they were CLIMAX records.

In selling goods at retail, purchasers are always allowed three days in which to return goods if for any reason not satisfied; and though the said Feist represented himself as a wholesaler, I told him the two records must be paid for at retail prices, and he accordingly paid me the retail price of fifty cents each. These records were the property of the COLUMBIA PHONOGRAPH CO., GEN'L, and were sold by me on account of said COLUMBIA PHONOGRAPH CO., GEN'L.

Mr. Feist seemed very insistent in his efforts to get at Mr. Lyle; he pretended to be a dealer, and to desire to purchase in quantities. A few days later he returned and, on the plea of discussing discounts, succeeded in seeing Mr. Lyle (defendant herein).

In my experience in the talking-machine business, the name COLUMBIA indicates the superior quality of the article, and it has always been regarded as a synonym for superiority and excellent merit. Other dealers, in praising up their own goods, speak of them as being "as good as COLUMBIAS". In my opinion the trade-name "COLUMBIA" is an exceedingly valuable asset. We always try to impress on customers and callers the superior quality of COLUMBIA goods.

S. H. Nichols

Subscribed and sworn to before me,
this 24th day of December, 1901.

Richard Samp.

*Notary Public
N.Y.*

IN THE CIRCUIT COURT OF THE UNITED STATES
For the Southern District of New York.

VICTOR TALKING MACHINE CO.

v.

In Equity.

MERVIN E. LYLE.

State of Pennsylvania,
City of Philadelphia, SS.:

HULBERT A. YERKES, being first duly sworn, deposes and says: I am of lawful age, and reside in the city of Philadelphia. I am a salesman in the employ of the COLUMBIA PHONOGRAPH CO. GEN'L, at its Philadelphia office, No. 1032 Chestnut Street in the City of Philadelphia, and have been at said establishment about three and a half years.

I have read a copy of the affidavit of one Charles K. Bennett given herein on behalf of complainant. The fact that he got from us a Climax disc-record for fifty cents, shows it to be a seven-inch record,--as the only other size (10-inch) sells for \$1.00 at retail. The only sale of a single seven-inch Climax sound-record made in our establishment on Nov. 14, 1901 (the date upon which Mr. Bennett alleges he bought the "Dolly Gray" disc record referred to in his affidavit), was a sale made by myself.

So far as I now recall the transaction--to which I attached no special importance at the time--a person called at the store of the COLUMBIA CO. as aforesaid, and asked me if our disc-records had gold bands on them, to which I replied in the affirmative, and sold him the record he asked for, at the retail price of fifty cents which he paid me. It is the invariable custom of our store to allow retail purchasers three days within which to return goods if for any reason they are not satisfactory. I made no attempt to

mislead or deceive this purchaser (who I now understand is named Bennett) into believing that our CLIMAX graphophone-records, made solely for the COLUMBIA PHONOGRAPH CO., were in fact articles made by Eldridge R. Johnson or by the Victor Talking Machine Co.; and I am satisfied that he was not so deceived,---particularly since I have read a copy of his affidavit made herein.

I do not recall that anything at all was said upon the occasion as to the maker of the record sold Mr. Bennett; but it is always our custom to impress upon customers the superiority of our own goods over all others, particularly the superiority of CLIMAX graphophone-records made for us over other disc records.

Our CLIMAX disc graphophone-record of "Dolly Gray" is marked "CLIMAX record manufactured solely for COLUMBIA PHONOGRAPH CO. New York, London, 'Good Bye Dolly Gray March', Hagers Orchestra, No. 132." The introduction, spoken by the record when placed upon the machine announces audibly: "'Good Bye Dolly Gray March', played by Hagers Orchestra, CLIMAX Record".

Mervin E. Lyle, named as defendant in this suit is not the Manager of this office of COLUMBIA PHONOGRAPH CO. GEN'L, and has no connection with our establishment.

Subscribed and sworn to before me,
this 23rd day of December, 1901.

Edward Harshaw

NOTARY PUBLIC.
COMMISSION EXPIRES JAN. 19TH, 1903.
1001 CHESTNUT ST.

Hubbard A. Parker.

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In the Circuit Court of the United States
For the Southern District of New York.

VICTOR TALKING MACHINE CO.

v.

In Equity.

MERVIN E. LYLE.

State of New York,
City and County of New York, SS.:

EDWARD D. EASTON, being duly sworn, says: I am President of the AMERICAN GRAPHOPHONE COMPANY with which I have been identified since its organization in 1887, and also of the COLUMBIA PHONOGRAPH CO., GEN'L. Mr. Lyle, the defendant herein is an employee of the latter Company.

The American Graphophone Co. was organized to acquire and operate the inventions in talking-machines developed by the Volta Laboratory Association, composed of Alexander Graham Bell, C. A. Bell and Sumner Tainter. Their inventions were generically known as "graphophones", and have always been designated by that name. The earliest form of graphophone record was the disk form, that being the only form shown in the first Bell & Tainter patent. While the Graphophone Co. has largely manufactured the cylinder form of machines and records, it has also made the disk-form, and of course has always had the right to do so.

The sound records made by ~~the~~ Bell & Tainter by their engraving process were of two sorts. In one the record groove was of varying depth, the acoustical vibrations being of varying depth. In the other the groove was of uniform depth, the vibrations being represented by sinuosities in the side-walls of the groove. Engraved records of the latter sort were deposited by the Volta Laboratory Association in the Smithsonian Institution in 1883.

The engraving process is the only method of making records of sounds which has, up to the present time, given satisfactory results. One Berliner attempted to make records by photoengraving and etching as described by Cros in his French patent of 1888; but I am informed and believe that these methods have been everywhere discarded, and that all sound-records of the present day, particularly those of the complainant, are made by the Bell & Tainter method of engraving. A suit is now pending against E.R. Johnson, the maker of these records, for infringement of the Bell & Tainter patent by engraving sound-records in wax-like material.

Said Johnson began selling these infringing records in the latter part of the year 1900, and their great improvement over the Berliner etched record was generally commented upon in the trade. Inasmuch, however, as the records delivered to the public are stamped duplicates of the original master-record, it was possible for said Johnson to conceal for a long time his covert appropriation of the Bell & Tainter process, and he did conceal it, and moreover cover his operations by misleading announcements to the effect that his new process records were the outcome of an important discovery made in his laboratory.

The COLUMBIA COMPANY, which is the selling agent of the American Graphophone Co. has always taken extraordinary means to distinguish its own goods from those of other makers. It has displayed prominently the word "COLUMBIA" on its sound-records, and caused the record itself to announce that it was "made for the COLUMBIA PHONOGRAPH CO." It has been extremely jealous of the reputation obtained for "COLUMBIA" records. That name is known to all dealers, users and persons interested in talking machines, and its appear-

ance on a sound-record is a sure and well-known indication that it is the product of the Columbia Phonograph Co. So well is this fact known that no person of average intelligence seeing the word "COLUMBIA" or the words "COLUMBIA PHONOGRAPH CO." upon a sound-record could possibly suppose that they were the manufacture of defendant, or his company, particularly as he and his company have but lately entered the business and are but little known, and as he started in business ostensibly in opposition to, and not as in anyway identified with, the Berliner Gramophone Concerns which were formerly endeavoring to market the discarded disk etched record.

In putting on the market its own disk records, the COLUMBIA PHONOGRAPH CO. has placed its own name upon each of them, that name being the most prominent and conspicuous words on them. This was purposely done with the object of impressing it upon the buying public that these articles are the product of that well known Company. The bill of complaint herein states that these words are "inconspicuously" marked on these records. I call attention to this important mis-statement.

In order further to distinguish these records, knowing that there were other flat records on the market, the special trade-name "CLIMAX" was adapted to designate them, this name not only appearing on the article but also in the spoken announcement.

There never has been the slightest effort, intention or design, by the COLUMBIA CO. or its employees to give to any person the impression that these articles were the product of the complainant, or to mislead or deceive any one in that regard. On the contrary, every precaution has been taken to prevent such mistake, as the result would be to injure the COLUMBIA CO., and not the complainant.

I declare most emphatically that there is absolutely no foundation in truth for the charges of the bill of complaint, which can have no other object than to gain a little cheap notriety and advertising by attacking an employee of a well known Company of established reputation.

The concern bringing this Bill has just been organized, and its existence is but little known. I myself did not know there was such a corporation until I saw complainant's motion-papers herein; and persons in talking-machine circles have advised me of their ignorance of complainant's existence. Under such circumstances complainant cannot as yet have acquired any reputation or standing, and can have nothing to lose by recklessness and could readily follow the course of its promoters by becoming another company under another name. The so-called "gramophones" referred to in the Bill were, until a year ^{or so} ago, sold exclusively by a New York concern known as the "National Gramophone Co." That concern has disappeared. Gramophones were next marketed by the "Berliner Gramophone Co." and the "U.S. Gramophone Co.", under whose patents complainant claims to operate. These concerns were enjoined at the suit of Frank Seaman. The business was then taken up by Eldridge R. Johnson about fifteen months ago, announcing himself as an independent and competitive manufacturer. Next the "Consolidated Talking Machine Co." appwared and quickly disappeared, and now the "Victor Talking Machine Co." comes on the scene, and had been in existence for only two months when this Bill was brought.

The unfair competition complained of seems to be based on the circumstance that the label on the COLUMBIA CLIMAX records is surrounded by a narrow gold-colored border line. I have not supposed, and do not now, that the use of ink of a particular color could be monopolized. The Columbia Co. has for many years largely employed gold-colored labels on

H.C.R.
E.N.Y.

machines and other products. The choice of color is determined by the back-ground and in this case solely by the fact that the records are black, and that gold is

As for the border-line, it is an inconspicuous feature of the label, imparting no distinctiveness to it. A border-line about the printed matter on labels is the customary finish, commonly supplied by the printers, and not a part of the label. Its shape naturally conforms to that of the article.

I believe it to be wholly untrue that defendant's records are recognized by the public, or by any part of it, by the presence of a border-line on the label, or are ever asked for from dealers under the title "Gold Band". They are known as the "Victor" records, or sometimes as the Johnson records. No one seeking one of these records could be made to believe that a COLUMBIA CLIMAX record was a Johnson Victor record.

Edward Carter

Subscribed and sworn to before me,
this 24th day of December, 1901.

Eliza D. Samp
~~Notary Public~~
NYC.

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IN THE CIRCUIT COURT OF THE UNITED STATES.
SOUTHERN DISTRICT OF NEW YORK.

VICTOR TALKING MACHINE CO.,)
V.)
M. E. LVLE,)

AFFIDAVIT OF S.T. CAMERON.

District of Columbia: ss:

S. T. Cameron being duly sworn deposes and says:

I reside in Washington, D.C., and am an expert in patent causes. During the past five years I have devoted much attention to the art of recording and reproducing sounds, and am familiar with the methods and instrumentalities employed therein. I have many times testified as an expert in suits involving patents relating to this art. The greater portion of sound records that have been produced up to this time have been made by the engraving process described and claimed in Bell & Tainter patent No. 341,214, dated May 4, 1886. Another process that has been commercially used to some extent is the etching process which was first described in French patent of Charles Cros of 1878. The etching process is available only for producing sound records of the laterally undulating sort. The engraving process is available for producing records of this sort as well as for producing records of varying depth.

I am familiar with the flat sound records made and sold by Eldridge R. Johnson and ^{which} ~~that~~ are known as "Victor" records, and have carefully examined records of this kind. These records are stamped in a composition of asphalt or sim-

similar material by means of a die which is made from an original or master record. The duplicates or stamped records show unmistakably that the originals of which they are copies are made by the engraving process and not by the etching process. Each of these processes has peculiarities which inhere in the original record and appear in the duplicates, so that an inspection of the latter by one who understands the peculiarities of the two processes will show very clearly which process has been used in making the original.

Subscribed and sworn to before me this 20th day of December,
1901.

~~Notary Public,
District of Columbia.~~

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IN THE CIRCUIT COURT OF THE UNITED STATES
For the Southern District of New York.

VICTOR TALKING MACHINE CO.

v.

In Equity.

MERVIN E. HYLE.

State of New York,
City and County of New York, SS.:

C. A. L. MASSIE, being first duly sworn, deposes and says: I am an attorney at law and associated with Philip Mauro, Esq., leading counsel for defendant, and I am familiar with most of the litigation in recent years in regard to talking-machines.

During the past three years there has been a great amount of litigation between the graphophone interests on the one side, and the gramophone interests on the other; and also between various parties having opposing interests in gramophones. The complainant herein claims to be the exclusive licensee under the Berliner gramophone patents, and also to be the sole assignee of all the patent-rights, business, good will, trade-names, etc., of Eldridge R. Johnson, its president. I have been informed by Waldo G. Morse, Esq., a member of the New York Bar, who has been of counsel for the National Gramophone Co., the National Gramophone Corporation (both of New York), and Frank Seaman, that the said Frank Seaman holds certain contract-rights under the Berliner patents aforesaid, including ~~an~~ ^{the} exclusive selling-right thereunder; that on behalf of the said Seaman the said Morse has obtained from the Federal Courts in Virginia and West Virginia certain injunctions against complainant's predecessors (the U. S. Gramophone Co. and the Berliner Gramophone Co. holding title to the Berliner gramo-

✓ phone patents and the said Eldridge R. Johnson) from whom complainant claims to have derived its rights,--which injunctions asserted and confirmed the exclusive rights of said Seaman in the said Berliner patents; and that while some of these injunctions have since been set aside, several of them are still in force, particularly a certain injunction granted at the prayer of the said Frank Seaman, by the Circuit Court of the United States for the District of West Virginia, against the United States Gramophone Co. (holding the legal title to the said Berliner gramophone patents), ~~and~~ ^{en} joining said Company from cancelling the contract-agreement under which the said Seaman derives his said exclusive rights, from cancelling certain other contract-agreements affecting the said rights of the said Seaman, and further enjoining the said U. S. Gramophone Co. from transferring or assigning or in any manner encumbering any rights in or under the Berliner gramophone patents aforesaid, and from in any wise dealing with the said patent-rights so that any interest therein may go into any other hands of any other person except the said Seaman. This last injunction I have been informed by the said Morse has been served upon the defendant therein, and still remains in full force and effect.

7 I have further been informed by the said Morse, and therefore believe, that while the injunction, above specified, and others of a broader scope against this complainant's predecessors, were still in force, and shortly after the same were granted, the said Morse obtained on behalf of the said Seaman a disc record put out by Eldridge R. Johnson aforesaid (who had theretofore been employed in manufacturing for the Berliner Gramophone Companies, as also appears by the motion papers herein) immediately caused to be placed

upon a number of disc records in his possession (which had been manufactured by him for the said Berliner Gramophone Companies, and which had then been enjoined by the Federal Courts) a plate or label or disc substantially like that made an exhibit in this case. The said Morse further informed me, and I believe it to be true, that during the course of one of the numerous hearings before the Circuit Court of the United States in Philadelphia, he (the said Morse) produced one of these gramophone records bearing this Johnson label, and placed the same upon a talking-machine and had it speak out its own announcement: "Made for the Berliner Gramophone Co.", or words to that effect. Thus showing that the label in question, which complainant now sets up as the foundation for this suit and asserts as a "trade-mark", was first adopted by its predecessor as a subterfuge to assist in escaping the decrees of the Federal Courts, and to defraud the said Seaman.

Shortly after receiving the motion-papers herein I communicated with the office of Waldo G. Morse aforesaid, and have been informed that he is not expected to return to this City before Tuesday, Dec. 24, 1901.

The complainant in his motion-papers asserts its rights as being derived from an exclusive license under the Berliner gramophone patents (which, as seen above, cannot be legally correct) and also as being derived from a complete assignment of all the rights of the said Johnson. The Columbia Phonograph Co., of whose local office the defendant Lyle is Manager, is a selling-agent of the American Graphophone Co., a manufacturing concern. The said American Graphophone Co. has now pending against the Berliner Gramophone interests two suits: one in the Southern District of New York, and the other in the Eastern District of Pennsylvania, to enjoin the gramophone talking-machine. The said Eldridge R. Johnson is named as a defendant in the latter suit.

This latter case was argued on final hearing on the 10th inst. before his honor Judge McPherson; and the former suit is ready for trial, but has been postponed by the Court on several occasions (and against complainant's opposition) to accommodate counsel for the defense. In addition to these two suits, the said American Graphophone Co. has another suit now pending in the Eastern District of Pennsylvania against complainant's predecessor, the said Eldridge R. Johnson, to enjoin his disc sound-records,---generally known as "Johnson Records",--the very identical "Victor" and "Monarch" records that complainant's motion-papers refer to as the "Gold Band" or "Gold Label" record. Therefore the American Graphophone Co. has a better color of right to claim that the said Victor and Monarch sound-records are themselves infringements of the pioneer Bell & Tainter patents, and are unlawful.

The statements contained in complainant's motion-papers, to the effect that all disc sound-records heretofore put out have been put out by complainant or its predecessors, is incorrect and misleading. A concern known as the "Universal Talking Machine Co." put out disc talking-machines and disc sound-records several years ago. Infringement suits were instituted against this concern by complainant's predecessor, setting up three of the Berliner gramophone patents; answers were duly filed, after which the suits were dismissed for lack of prosecution, but by leave of Court were re-instated in November, 1900; since which time nothing has been done therein by the complainants. Similarly, disc talking-machines and disc records were put out by the "Standard Talking Machine Co." another concern; and suits were brought against this concern by complainant's predecessor, and have been at issue since August, 1898, since which

time they also have not been prosecuted. Again, disc talking-machines and disc-records were put out, under the authority and license of the said American Graphophone Co., by one Albert T. Armstrong of New York City (trading as the "American Talking Machine Co."), and the owners of the Berliner patents likewise instituted the usual three suits against these articles; after the bills had been dismissed for want of prosecution, complainants obtained leave to reinstate them in November, 1900, since which time no further steps have been taken therein. Further, disc talking-machines and disc records were put out by the National Gramophone Corporation of New York, and the complainant's predecessors brought the usual three suits against these articles, as alleged infringements of the three Berliner gramophone patents. These last three suits are the only ones that I know of in which the ~~patentees~~ complainant's predecessors have gone further in attempting to enforce their alleged rights under the Berliner gramophone patents than merely to file bills of complaint and replications. In the said suits against the National Gramophone Corporation complainants did move for a preliminary injunction; and his Honor Judge GRAY, after holding the matter under advisement for a considerable time, did (on Feb. 27, 1901) deny the preliminary injunctions (reported 107 Fed. Rep. 129). Since this time no steps have been taken in the said suits.

From the foregoing it appears that whenever any one thinks it worth his while to deal in disc talking-machines and disc sound-records, he has been allowed to do so with ^{so far as Complainant's predecessor is concerned.} immunity, ¹ Complainant's predecessors, the owners of the Berliner gramophone patents, have (with the exception just noted) contented themselves with filing bills of complaint and then letting the matter drop without attempting to enforce any alleged rights.

For the convenience of the Court I re-state the facts recited in this affidavit, as follows: So far from complainant's predecessors, the owners of the Berliner gramophone patents, being able to grant complainant an exclusive license under said patents, in the first place one Frank Seaman already holds under a contract-agreement the exclusive selling-right under the said patents, which contract on various occasions the Federal Courts have held is still in force; and in the second place, the said gramophones and gramophone records are themselves infringements of the pioneer Bell & Tainter Graphophone patents, so that complainant's predecessor (and consequently complainant) has no right to deal in such articles. So far from complainant's other predecessor, Eldridge R. Johnson, having a right to deal in the gramophone and gramophone records (which he now calls the Victor and Monarch records), he could have no better right than the Berliner Gramophone Companies as above, in view of the rights of the said Seaman and of the said American Graphophone Co.; in addition thereto, after the said Seaman had procured injunctions against the said Gramophone Cos., the said Johnson entered the talking-machine business in his own name, in confessed violation of the Berliner gramophone patents (and in real disregard of Seaman's aforesaid injunctions).

Whatever rights the said Johnson may assert in his alleged trade-mark—the Gold Band—, they were first acquired in violation of Equity and good conscience, and are tainted with fraud; what he now designates a trade-mark was first assumed in connection with a thrice-unlawful article, and for the purpose of getting around a decree of the Court and to defraud the said Seaman.

Subscribed and sworn to before me,

this 23rd day of December, 1901.

Cal. Massie

Eliza
Notary Public
N.Y.C.

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At a Stated Term of the Circuit Court of
the United States for the Southern
District of New York, held in the Post
Office Building, Borough of Manhattan,
City, County and State of New York, on
the 29 day of April 1911.

Present:

Hon. E. Henry Lacombe,
United States Circuit Judge.

Victor Talking Machine Company,)
Complainant,)
vs.) In Equity No.
Mervin E. Lyle,) 7948
Defendant.)

O R D E R.

Upon reading and filing the Stipulation, dated April 24, 1911, between counsel for the respective parties, to the above entitled suit, consenting to the discontinuance of this suit without prejudice and without costs to either party, it is hereby

ORDERED, that the above entitled suit be and the same hereby is discontinued without prejudice and without costs to either party, and it is

FURTHER ORDERED that the sum of Two Hundred Fifty-Eight Dollars and seventy-two cents (\$258.72) now in the registry of this court to the credit of the complainant herein, be paid to the complainant out of the registry of this court, less Clerk's fees.

*E. Henry Lacombe
U. S. Circuit Judge*